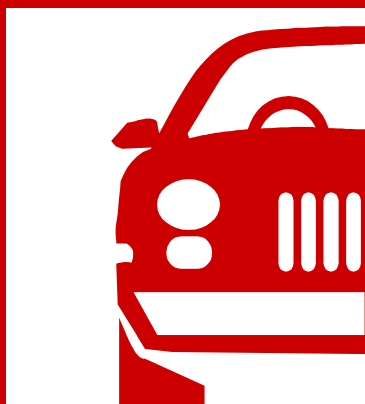


The Instant Insurance Guide: Auto



Info and tips
for buying
automobile
and
motorcycle
insurance
in Delaware

From

Matthew Denn

Delaware's Insurance Commissioner

1-800-282-8611

www.state.de.us/inscom

A Message From Delaware's Insurance Commissioner Matthew Denn

Call it "Everything You Ever Wanted To Know About Auto Insurance But Were Afraid To Ask." Since I took office in January 2005, Delawareans have told me what they needed was a simple and concise guide to purchasing insurance for cars, trucks and motorcycles. And so, here it is.

We've covered the basics but, of course, there's more to tell than can be packed in these few pages. That's where the wonder of the internet comes in. Please visit my new and improved website at www.state.de.us/inscom for much more detailed information about auto insurance. A list of some of the topics covered online appears at the back of this guide.

Please feel free to call on me and my office anytime at 1-800-282-8611 with any questions, issues or problems you have regarding insurance in Delaware.

A handwritten signature in black ink that reads "Matthew Denn". The signature is stylized with a large, sweeping "M" and a cursive "Denn".

The Basics

In Delaware, all drivers are required to carry three types of auto insurance:

1. Bodily Injury Protection - \$15,000/\$30,000

If you are responsible for the injury or death of another person and have minimum coverage, your insurance company will pay:

- Up to \$15,000 to one person involved in a single accident
- Up to \$30,000 to all people involved in a single accident, with no more than \$15,000 to any one person

2. Property Damage - \$10,000

If you are responsible for damages to another person's property and have minimum coverage, your insurance company will pay:

- Up to \$10,000 to a person involved in a single accident

3. Personal Injury Protection (PIP) - \$15,000/\$30,000

Whether you are responsible for the accident or not, your insurance company will pay for the medical expenses and loss of wages for you and your passengers. If you have minimum coverage, your company will pay:

- Up to \$15,000 to any one person involved in a single accident
- Up to \$30,000 to all people involved in a single accident, with no more than \$15,000 to any one person

Also included in PIP coverage is up to \$5,000 for funeral expenses.

The minimum amounts in these three categories are relatively low and you may wish to purchase additional coverage to protect yourself from possible claims in higher amounts. Keep in mind, however, that as you raise your coverage, your premiums will increase.

Don't Drive Uninsured

Uninsured drivers are against the law and cost other drivers money in higher insurance premiums. Registered vehicles are randomly checked for coverage and insurance companies will notify the state if coverage is dropped. Driving without insurance can cost you a fine, your license plate or your drivers license.

Optional Coverage

These types of coverage are not required by law in Delaware. However, if you take out an auto loan, your bank or lender will likely require collision and comprehensive coverage.


Collision coverage pays for physical damage to your car as the result of your vehicle colliding with an object, such as a tree or another car. This coverage is based on the value of your vehicle and can be costly.

Important information about collision coverage: Auto insurance policies only require the company to cover your financial losses, not to replace your vehicle. In the case of an accident involving an older car, the cost of repairing it can quickly exceed the value of the car and your insurance carrier will pay you what the car was worth rather than fix it. In severe cases, the value of the car may be less than premiums paid for the coverage. Therefore, if your vehicle is worth less than \$2,000, there is little reason for you to purchase collision coverage, because you are likely to pay more money in premiums than you would ever receive as a result of your claim. This coverage may not pay the full replacement cost of the vehicle or may not satisfy the balance of your auto loan.

Comprehensive coverage pays for damage to your car from almost all other causes besides an accident, including fire, severe weather, vandalism, flood and theft. Comprehensive coverage also will cover broken glass, such as windshield damage.

Uninsured motorist coverage pays if you incur losses from a driver who does not have auto insurance or a hit-and-run driver. This coverage, when in effect, takes the place of the insurance that the other driver should have had but did not. The coverage comes at an automatic \$250 deductible for property damage, regardless of the deductible you may have on your other coverage.

Uninsured motorist coverage will have policy limits. It does not protect the other driver. Your insurance company may sue the other driver for



any money the company pays to you because of the other driver's negligence. You must have made a police report about the accident in order to make a claim under an uninsured motorist policy.

Under-insured motorist coverage protects you if you are involved in an accident that is not your fault and the other driver does not have enough insurance to cover your loss. This coverage does not pay for damage to your vehicle.

Towing and labor coverage pays the cost of towing your car to the repair shop subject to the limit of your policy. Premiums for this coverage are very inexpensive. However, if you are a member of an auto club, you probably already have this service.

Rental reimbursement coverage usually pays the cost to rent a car after an accident, subject to the policy's terms. The premium will vary from insurer to insurer.

Rates

Things that affect your auto insurance rates, some controllable and some not:

- **Gender and age:** Men have more accidents on the road than women; certain age groups tend to have more claims.
- **Type of vehicle:** Luxury and sports cars average a higher number of claims; also the more expensive a vehicle, the more expensive it is to insure.
- **Driving record:** Drivers with previous violations or accidents are considered to be a higher risk.
- **Discounts:** Auto insurers may offer premium discounts for numerous reasons, including for people who have taken an approved defensive driving course. Ask your agent what discounts are available to you.
- **Amount of coverage:** If you choose to carry coverage above the mandatory minimum, your premiums will be higher.
- **Deductible amount:** Choosing a higher deductible will reduce the premiums of your car insurance. However, your out-of-pocket expense will be higher if you have an accident.
- **Usage of vehicle:** The more you drive, the higher the risk and so the higher the premium.
- **Where you live:** Urban areas have more claims than rural areas and some areas have more frequent accidents than others.
- **Marital status:** Claims history shows that married persons tend to have fewer claims.

Ways To Save

Tips on lowering your auto insurance premiums:

- **Shop around** and compare prices. A list of companies that offer auto insurance in Delaware can be found online at www.state.de.us/inscom. Or check the yellow pages.
- Maintain a **good driving record**.
- Take the **highest deductible** you can afford on collision and comprehensive coverage. A higher deductible will mean lower premiums. But remember that you will be responsible for the deductible amount if you have an accident.
- Take **defensive driving**. If all drivers of a vehicle complete an approved course, you can receive 10 percent off a portion of your auto insurance for three years. If you take a refresher course just before the end of the three-year period, you can receive a 15 percent discount. A list of defensive driving courses is online at www.state.de.us/inscom.
- **Before buying** a vehicle, call an agent for a quote on the cost of insuring it. Sports cars, luxury cars and more expensive cars cost more to insure. (A quote is only an estimate of the premium.)
- **Review your policy** periodically and update coverage accordingly. As a car gets older and loses value, you may not need as much insurance for it. With some cars, it may make sense to only carry minimum coverage.
- Ask whether there are **discounts** offered for:
 - Multiple cars on a policy
 - Good student drivers
 - Mature drivers
 - Airbags, anti-theft devices and other equipment
 - Accident-free record
 - Other insurance with same company

Repairs

After an accident, your vehicle may need to be repaired. Here are some things you need to know:

- **Check your deductible.** If the damage to your vehicle is minor, it may be less than your deductible. For example, if your bumper needs to be repaired and is estimated to cost \$199, and you have a \$250 deductible, you will be responsible for the entire amount. The insurance company will not owe you or the repair shop anything until the cost goes over \$250.

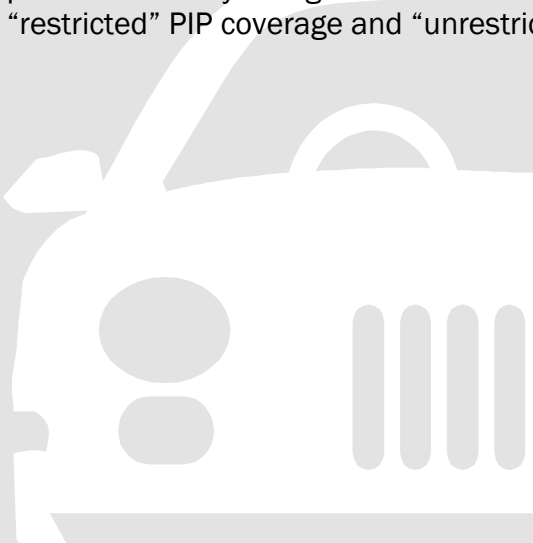
If you have a \$250 deductible and the repair estimate is \$350, you would pay the first \$250 and the insurance company would pay the remaining \$100.
- The insurance company will **assign an adjuster** to estimate the damage to the car and how much the company will pay to have it fixed. Again, if the damage is determined to be less than your deductible, you will be responsible for all of the repair amount.
- The **final choice of repair shop is yours.** You may want to use a repair shop the company chooses. However, if you choose a different one, be aware you may have to pay the difference if your body shop's estimate is higher than the insurance company's, unless the increase can be justified and agreed upon by all parties.
- If you choose to put a **brand new part on an older car** instead of a salvaged or remanufactured part, you may have to pay the difference in cost.

Motorcycles

A motorcycle owner and driver is required to carry the same minimum amounts of bodily injury protection, property damage and personal injury protection as any other vehicle (please see “The Basics” at the front of this guide for a description).

But insurance companies often suggest different policies for motorcycles. Look for the following:

- When inquiring about a policy, an agent may give you a quote based on the minimum personal injury protection (PIP) limit of \$15,000, but with **a \$15,000 deductible**. That means, unless you deliberately choose otherwise and pay an additional premium, you will essentially have no PIP coverage, as the coverage limit of \$15,000 will be reduced to zero by the deductible. Consider other options which come at a higher premium but with lower deductibles.
- A motorcycle insurance policy may provide only **limited benefits**. For example, a lower premium policy may provide medical and lost wage benefits for only those accidents which occur (a) on a highway and (b) when there is actual physical contact with another vehicle. To receive coverage for a greater range of potential accidents, you will likely have to pay higher premiums. Ask your agent about the difference between “restricted” PIP coverage and “unrestricted” PIP coverage.



Need Help?

The Delaware Insurance Commissioner's Office is here to help if you have questions about or problems with your insurance coverage or insurance company.

Questions about insurance or complaints about an insurance company or insurance agent can be made to the Commissioner's Consumer Services division by phone, by fax, by letter, by email or with an online complaint form:

**1-800-282-8611 toll-free in Delaware
or (302) 739-6775**

(302) 739-6278 fax

**841 Silver Lake Blvd.
Dover, DE 19904**

consumer@deins.state.de.us

www.state.de.us/inscom/complaint.shtml

If complaints to the Insurance Commissioner's Office do not provide a suitable solution, you may take part in a formal process called "arbitration." In arbitration, you file a formal complaint against a company, somewhat like a lawsuit, but instead of a judge and jury, the case is decided by a three-person panel made up of an attorney and two insurance adjusters who have nothing to do with the case.

Arbitration is available only after several attempts to resolve the matter informally have failed and will require a \$30 filing fee. To get more information about the arbitration process, call the Insurance Commissioner's Office at (302) 739-4251 or go to www.state.de.us/inscom/departments/consumer/consumerhp.shtml online.

More Online

Visit Insurance Commissioner Matthew Denn's website to find even more information and tips about auto insurance:

www.state.de.us/inscom

Topics covered online include:

- All of the **auto insurance companies** in Delaware
- Adding **teenage drivers** to your auto insurance
- Insuring a **leased car**
- Where you can take a **defensive driving course**
- What to do if your insurance is **cancelled**
- Insurance when you **rent a car**
- Insurance on a **borrowed car**
- How to prevent and report **insurance fraud**



What To Do If You're In An Accident

- **Stop and keep calm.** Do not drive away from an accident. Do not argue with the other driver over the cause.
- **Call an ambulance, if needed.** Do what you can to provide first aid, but do not move an injured person unless you possess medical or lifesaving expertise, or unless there is a life-threatening event, such as a vehicle leaking gas.
- **Move your car.** In a fender bender or other minor crash, police advise that you move your car out of the street or highway, to a clear area where it will not be a hazard to other traffic. Police will be able to determine who was at fault from descriptions and evidence.
- **Call the police.** Dial 911 to notify the appropriate law enforcement authorities. Fully cooperate with the officers responding to the accident.
- **Gather information.** Exchange insurance; driver's license; registration information; witnesses' names, phone numbers and addresses; brief description of how the accident occurred. Take pictures of accident scene, if possible.
- **Call your insurance.** Use the claims contact number on your insurance card or call your insurance agent. This person will go over your policy with you and will verify your coverage.

**Get more tips and information
about auto insurance
from Insurance Commissioner Matthew Denn at
www.state.de.us/inscom**